

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

In the Matter of the Application of
PACIFICORP for an Order Authorizing a
Change in Depreciation Rates.

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DOCKET NO. 02-035-12
REPORT AND ORDER APPROVING
STIPULATION

ISSUED: July 8, 2003

By The Commission:

SUMMARY

By this Order, the Commission approves a Stipulation that provides new depreciation rates for PacifiCorp that will result in a decrease of approximately \$5.95 million in annual depreciation expense in Utah based upon March 2002 depreciable plant balances. The Stipulation also provides for a task force to investigate and evaluate the demolition costs for PacifiCorp's steam production plant. In addition, the Stipulation requires PacifiCorp to file a new depreciation study and accompanying application with the Commission within five-years of the date of this Order.

Appearances:

Edward A. Hunter

for

PacifiCorp

Michael Ginsberg
Assistant Attorney General

for

Division of Public Utilities

Reid Warnick
Assistant Attorney General

for

Committee of Consumer Services

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PROCEDURAL HISTORY

On October 1, 2002, PacifiCorp (“PacifiCorp” or the “Company”) commenced this proceeding by filing its Application for an Order Approving a Change in Depreciation Rates (“Application”). In the Application, PacifiCorp sought approval from the Commission of changes in the depreciation rates of the Company. The changes in rates proposed by PacifiCorp would have resulted in an increase of approximately \$3.75 million in its annual depreciation expense over existing depreciation levels in the state of Utah based on March 31, 2002 plant balances. In support of its Application, PacifiCorp filed the testimony of Donald S. Roff, Kathryn C. Hymas and Barry G. Cunningham.

On April 9, 2003, PacifiCorp, the Division and the Committee filed a Stipulation.

EVIDENCE PRESENTED

A hearing was held on April 17, 2003. At the hearing, PacifiCorp, the Division and the Committee presented the Stipulation to the Commission for approval. The testimony of the witnesses that had been previously filed was marked and admitted into evidence.

In addition, the parties presented witnesses in support of approval of the Stipulation. PacifiCorp presented the testimony of Daniel Peterson. The Division presented the testimony of Ronald L. Burrup. The Committee presented the testimony of Andrea Coon, including one exhibit, CCS Exhibit 1. Each of the witnesses that appeared at the hearing testified that the Stipulation was a fair and reasonable compromise of the positions of the parties and that approval of the Stipulation by the Commission was in the public interest.

No party appeared in opposition to approval of the Stipulation.

STIPULATION

Without modifying the terms of the Stipulation in any way, the following is a brief summary of the major terms of the Stipulation. The parties agreed that the Commission should adopt depreciation rates set forth in Schedule I to the Stipulation. The parties agreed that these changes should be made effective April 1, 2003. The parties also agreed that a task force, consisting of PacifiCorp and regulatory representatives from all interested PacifiCorp jurisdictions, will select a consultant to investigate and evaluate demolition costs for selected PacifiCorp steam plants. The parties agreed that the report of the task force will be filed with PacifiCorp's next depreciation study. In addition, PacifiCorp agreed to file a depreciation study and accompanying application with the Commission no later than five years after the Commission's final order in this Docket.

A copy of the Stipulation is attached to this Order and incorporated herein.

DISCUSSION

The law favoring settling disputes is applicable to regulatory proceedings. *Utah Dept. of Admin. Services v. Public Service Comm'n*, 658 P.2d 601, 613 (Utah 1983). Statutorily, "[i]nformal resolution, by agreement of the parties, of matters before the commission is encouraged." U.C.A. § 54-7-1. We believe this section of the Utah Code enables the Commission to approve the Stipulation without making a finding that each of the depreciation rates set forth in Schedule I to the Stipulation is the rate we would have determined to be the appropriate rate based on all the evidence presented. As a result, we will address the Stipulation pursuant to U.C.A. § 54-7-1.

The testimony provided in this Docket demonstrates that this matter was thoroughly reviewed and considered. The Division and Committee conducted extensive discovery in this Docket and analyzed each aspect of the depreciation rates of PacifiCorp. Each of the parties was well represented in the negotiations and the parties appear to have had a thorough understanding of the issues. A review of the positions of the parties on the principal issues indicates that the stipulated results are within a reasonable range.

In addition, we rely on the fact that the Division and the Committee, in their statutory roles, have found the Stipulation to be an acceptable compromise. The Division is charged with representing the public interest, balancing the interests of the Company and its customers. U.C.A. § 54-4a-6. The Committee is charged with representing the interests of residential and small commercial customers. U.C.A. § 54-10-4.

Based upon the foregoing, we find and conclude that the depreciation rates provided in the Stipulation are just and reasonable and in the public interest. We also find and conclude that the other terms and conditions of the Stipulation are in the public interest.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

The Stipulation is approved in its entirety. Without modifying or limiting the foregoing:

1. PacifiCorp shall implement the depreciation rates set forth in Schedule 1 to the Stipulation effective April 1, 2003.

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2. The Division and PacifiCorp will proceed to create a task force for the purpose of investigating and analyzing the demolition costs for the Company's steam plant as specified in the Stipulation.

3. PacifiCorp shall file its next depreciation study and an accompanying application no later than five years after the date of this Order.

DATED at Salt Lake City, Utah, this 8th day of July, 2003.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

Attest:

/s/ Julie Orchard,
Commission Secretary
G#34389